# Module 11A Simulation Claiming the Earned Income Credit without a Qualifying Child

In this simulation, you will take on the role of Seth Wiggins in order to learn how to claim the Earned Income Credit.

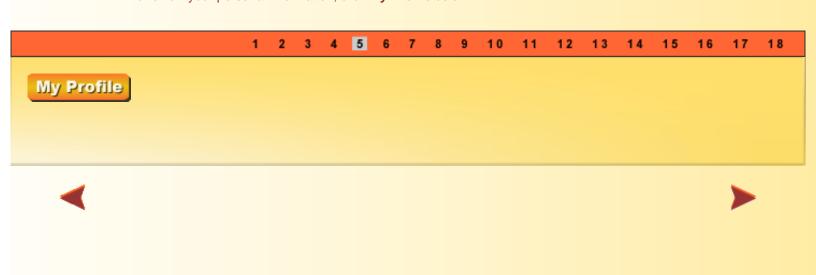
January 1 December 31 January 1 Your Filing Season
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You are single. You are 26 years old. You are a U.S. citizen and live in the United States. You have no children. No one else depends on you for income or support. You do not receive income or support from anyone else.

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During the entire year, you worked as a horse trainer at the R & R Farm in the United States. It is your only source of income.

To review your personal information, click My Profile below.

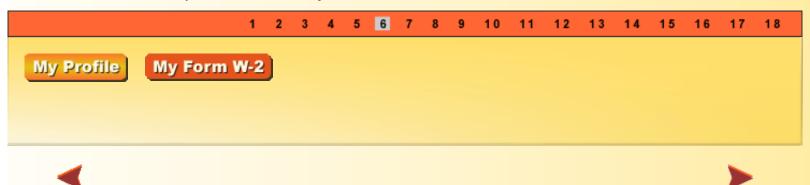


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It's the end of the tax year. You receive your Form W-2 from your employer. You earned \$10,535 from your job.

*Note:* Your employer is required to send your W-2 by January 31!

To review your Form W-2, click My Form W-2 below.



| 55555  | Void a Employee's social security number For Official U OMB No. 154 |     |                            |            |       |   | •  |               |                              |                                       |                  |  |
|--|---|-----|----------------------------|------------|-------|---|--|---------------|------------------------------|---------------------------------------|------------------|--|
| b Employer identification number (EIN) 10-8763214                |   |     |                            |            |       |   | 1 Wages, tips, other compensation 10535.00 |               |                              | 2 Federal income tax withheld 368.00  |                  |  |
| c Employer's name, address, and ZIP code  R and R Farm           |   |     |                            |            |       |   | 3 Social security wages 10535.00           |               |                              | 4 Social security tax withheld 653.17 |                  |  |
| 21 Beech Tree  | 21 Beech Tree Farm Anytown, US 10111                                |     |                            |            |       |   | 5 Medicare wages and tips<br>10535.00      |               |                              | 6 Medicare tax withheld<br>152.76     |                  |  |
|  |   |     |                            |            |       | 7 Social security tips                            |  |               | 8 Allocated tips             |                                       |                  |  |
| d Control number 222-00-2314                                     |   |     |                            |            |       | 9 Advance EIC payment                             |  |               | 10 Dependent care benefits   |                                       |                  |  |
| e Employee's first name and initial Seth W. Last name Wiggins    |   |     |                            |            | Suff. | 11 Nonqualified plans 12a See instruc             |  |               | nstructions                  | for box 12                            |                  |  |
| 2611 North Ash Drive<br>Anytown, US 10012                        |   |     |                            |            |       | 13 Statutory Retirement plan Third-party sick pay |  |               | <b>12b</b>                   |                                       |                  |  |
|  |   |     |                            |            |       | 14 Other  |  |               | 12c<br>C<br>C<br>d<br>d<br>e |                                       |                  |  |
|  |   |     |                            |            |       |   |  |               | <b>12d</b>                   |                                       |                  |  |
| f Employee's address and ZIP code                                |   |     |                            |            |       |   |  |               |                              |                                       |                  |  |
| 5 State Employer's state ID number 16 State wages, tips, etc. 17 |   |     |                            | 17 State i | incom | e tax   | 18 Local wages                             | s, tips, etc. | 19 Local inc                 | ome tax                               | 20 Locality name |  |
|  |   |     |                            |            |       |   |  |               |                              |                                       |                  |  |
| f Employee's addr<br>15 State Employer                           | ess and ZIP co  | ber | 16 State wages, tips, etc. | 17 State i |       | 14 Oth  |  | s, tips, etc. | C o d e                      | ome tax                               | 20 L             |  |

Wage and Tax Statement



Department of the Treasury-Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Cat. No. 10134D

**Copy A For Social Security Administration** — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

## My Profile

Name: Seth Wiggins

Employment: Horse trainer

Marital status: Single

Spouse's name (if any): N/A

Children: None U.S. citizen: Yes

|           | Your Tax Year |           | Your Filing Season |          |
|-----------|---------------|-----------|--------------------|----------|
| January 1 | December 31   | January 1 |                    | April 15 |
| •         |               |           | lack               |          |

Answer the following questions to determine if you are eligible to claim the Earned Income Credit.

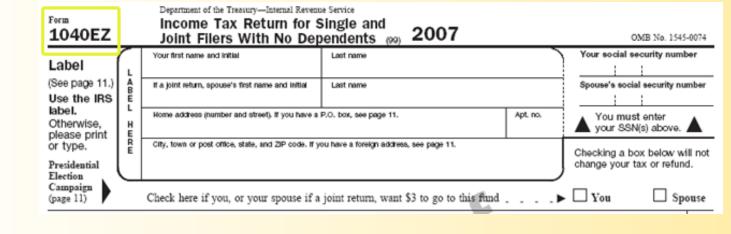
| Do you have a valid Social Security number?                     | • | yes O  | no  |
|---|---|--------|-----|
| Do you have earned income?                                      | • | yes O  | no  |
| Are you a U.S. citizen or resident?                             | • | yes O  | no  |
| Are you filing Form 2555 or 2555-EZ?                            | 0 | yes 💿  | no  |
| Did you have more than \$2,900 of investment income?            | 0 | yes 💿  | no  |
| Do you have a qualifying child?                                 | 0 | yes 💿  | no  |
| At the end of 2007 were you at least 25 years old but less than | • | yes O  | no  |
| 65 years old?   |   |        |     |
| Can anyone else claim you as a dependent on his or her tax      | 0 | yes 💿  | no  |
| return?   |   |        |     |
| Are you the qualifying child of another person?                 | 0 | yes 🖸  | no  |
| Did you live in the United States more than half of the tax     | • | yes O  | no  |
| year?   |   |        |     |
|   |   |        |     |
| Are you eligible to claim the Earned Income Credit?             | • | yes O  | no  |
| Are you engine to claim the Lamed medice electr.                | 9 | y cs C | 110 |

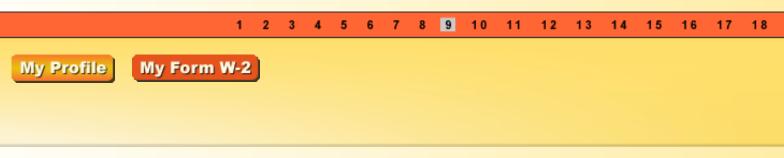
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

My Profile My Form W-2

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You have everything you need to file your taxes. You will be using Form 1040EZ.





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Use your W-2 to enter your salary on Form 1040EZ. Enter your salary exactly as it appears on your W-2.

Enter salary: \$ 10535

| 1040EZ  |             | Income Tax Return for S<br>Joint Filers With No Dep                                   | Single and   |                                 | OMB No. 1545-0074                 |  |
|---|-------------|---|--|---------------------------------|-----------------------------------|--|
| Label   |             | Your first name and initial<br>Seth W.  | Last name<br>Wiggins                                     |                                 | Your social security number       |  |
| (See page 11.) Use the IRS label. Otherwise, please print or type. Presidential | A<br>B<br>E | If a joint return, spouse's first name and initial Last name                          |  | Spouse's social security number |                                   |  |
|   |             | Home address (number and street). If you have a<br>2611 North Ash Drive               | P.O. box, see page 11.                                   | Apt. no.                        | You must enter your SSN(s) above. |  |
|   | E           | City, town or post office, state, and ZIP code. If yo<br>Anytown, US 10012            | Checking a box below will not change your tax or refund. |                                 |                                   |  |
| Campaign<br>(page 11)   |             | Check here if you, or your spouse if a  | You Spouse   |                                 |                                   |  |
| Income  |             | <ol> <li>Wages, salaries, and tips. This shou<br/>Attach your Form(s) W-2.</li> </ol> | ld be shown in box 1 of your Form(s) W                   | -2.                             | 1                                 |  |

Hint: See Box 1 on your Form W-2.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

My Profile My Form W-2

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Enter your federal tax withheld from your Form W-2. Enter your tax withheld exactly as it appears on your W-2.

|                             | \$  |
|-----------------------------|-----|
| Enter federal tax withheld: | 368 |

| Form<br>1040EZ   |   |   | Department of the Treasury—Internal Revenue Income Tax Return for S Joint Filers With No Dep | ingle and                 | 2007                              |          |                            | OMB No. 154                        | 15-0074  |
|--|---|---|--|---------------------------|-----------------------------------|----------|----------------------------|------------------------------------|----------|
| Label  |   | Γ   | Your first name and initial  | Last name                 |                                   |          | 1                          | social security nun                | nber     |
|  | L<br>A  | L   | Seth W.  | Wiggins                   |                                   |          |                            | 22   00   2314                     |          |
| (See page 11.)<br>Use the IRS  | BEL   | Ľ   | If a joint return, spouse's first name and initial   | Last name                 |                                   |          | Spou                       | se's social security n             | umber    |
| Otherwise,<br>please print   | н   | Ľ   | Home address (number and street), if you have a F<br>2611 North Ash Drive                    | P.O. box, see page 11.    |                                   | Apt. no. |                            | ou must enter<br>our SSN(s) above. | <b>A</b> |
| or type.   | E<br>R<br>E   | Г   | City, town or post office, state, and ZIP code. If yo  | ou have a foreign address | , see page 11.                    |          | Check                      | king a box below v                 | vill not |
| Presidential<br>Election   |   |   | Anytown, US 10012  |                           |                                   |          | change your tax or refund. |                                    |          |
| Campaign<br>(page 11)  |   | С   | heck here if you, or your spouse if a  | joint return, want        | 3 to go to this fund              |          | <b>▶</b> □ Y               | ou S                               | pouse    |
| Income   | 1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2.<br>Attach your Form(s) W-2. |   |  |                           |                                   |          | 1                          | 10,535                             | 00       |
| Attach<br>Form(s) W-2  |   | 2   | Taxable interest. If the total is over \$  | \$1,500, you cannot       | use Form 1040EZ.                  |          | 2                          |                                    |          |
| here.<br>Enclose, but  |   | Unemployment compensation and Alaska Permanent Fund dividends (see page 13).  Add lines 1, 2, and 3. This is your adjusted gross income.  If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. |  |                           |                                   |          |                            |                                    |          |
| do not attach,<br>any payment.   |   |   |  |                           |                                   |          |                            |                                    |          |
|  | -   |   |  |                           |                                   |          |                            |                                    |          |
| You Spouse If no one can claim you (or your spouse if a j \$17,500 if married filing jointly. See back f |   |   |  |                           | m), enter \$8,750 if si<br>ation. | ngle;    | 5                          |                                    |          |
|  |   | 6   | Subtract line 5 from line 4. If line 5<br>This is your taxable income.                       | is larger than line       | 4, enter -0                       |          | ▶ 6                        |                                    |          |
| Payments   |   | 7   | Federal income tax withheld from b   | ox 2 of your Form         | (s) W-2.                          |          | 7                          |                                    |          |
| and tax  | _   | 8a  | Earned income credit (EIC).  |                           |                                   |          | 8a                         |                                    | $\perp$  |
| and tun  |   | b   | Nontaxable combat pay election.  |                           | 8b                                |          |                            |                                    |          |

Hint: See Box 2 on your Form W-2.



Since you have no other sources of income, you have completed your tax return. All that's left to do is review your return.

To review your return, click My Tax Form below.



| Form <b>1040EZ</b>                                 |  | Department of the Treasury—International Tax Return Joint Filers With No.   | for Single                        |   | 2007                      |                          |  | OMB No. 1545-     | -0074       |
|--|--|---|-----------------------------------|---|---------------------------|--------------------------|--|-------------------|-------------|
|  | $\overline{}$  | Your first name and initial Last name   |                                   |   |                           |                          | Your social security nur                             |                   |             |
| Label  | L  | Seth W  | Wiggi                             | ns                                      |                           |                          | 222 00 2314  |                   |             |
| (See page 11.) Use the IRS                         | A<br>B<br>E  | If a joint return, spouse's first name and  | initial Last nar                  | me                                      |                           |                          | Spouse's so  | cial security nur | mber        |
| label.   | -  -   | Home address (number and street). If ye   | ou have a P.O. box, s             | see page 11.                            |                           | Apt. no.                 | ▲ You m  | ust enter         | _           |
| Otherwise, please print                            | H  | 2611 North Ash Dr.  |                                   |   |                           |                          | Checking a box below will change your tax or refund. |                   |             |
| or type.   | R<br>E   | City, town or post office, state, and ZIP   | code. If you have a f             | oreign address, se                      | e page 11.                |                          |  |                   |             |
| Presidential<br>Election<br>Campaign               | <u></u>  | Anytown, US 10012   |                                   |   |                           |                          |  |                   |             |
| (page 11)  | (  | Check here if you, or your spo  |                                   |   |                           |                          | ☐ You  | ☐ Spo             | ouse        |
| Income   | 1  | Wages, salaries, and tips. The Attach your Form(s) W-2.   | nis should be sh                  | own in box 1                            | of your Form(s) V         | V-2.                     | 1  | 10535             | 0           |
| Attach<br>Form(s) W-2<br>here.                     | 2  | Taxable interest. If the total  | is over \$1,500, <u>y</u>         | you cannot use                          | Form 1040EZ.              |                          | 2  |                   |             |
| Enclose, but                                       | 3  | Unemployment compensation   | n and Alaska P                    | ermanent Fund                           | d dividends (see p        | age 13).                 | 3  |                   |             |
| do not attach, any payment.                        | 4 Add lines 1, 2, and 3. This is your adjusted gross income. |   |                                   |   |                           |                          | 4  | 10535             | 0           |
|  | 5  | If someone can claim you (o applicable box(es) below and  | neck the                          |   |                           |                          |  |                   |             |
|  |  | You Spo<br>If no one can claim you (or<br>\$17,500 if married filing jo   | your spouse if a pintly. See back | a joint return),<br>for explanation     | enter \$8,750 if son.     | ingle;                   | 5  | 8750              | 0           |
|  | 6  | Subtract line 5 from line 4. This is your <b>taxable incom</b>  |                                   | er than line 4,                         | enter -0                  | •                        | 6  | 1785              | 0           |
| Payments   | 7  | Federal income tax withheld   | from box 2 of                     | your Form(s)                            | W-2.                      |                          | 7  | 368               | 0           |
| and tax  | _8   | a Earned income credit (EIC   | 2),                               |   |                           |                          | 8a   | 158               | 0           |
| anu tax  | _1   | Nontaxable combat pay elec  | tion.                             |   | 8b                        |                          |  |                   |             |
|  | _9   | 9 Add lines 7 and 8a. These are your <b>total payments.</b>   |                                   |   |                           |                          |  | 526               | 0           |
|  | 10   | <b>Tax.</b> Use the amount on <b>lin</b> 24–32 of the booklet. Then,  |                                   |   |                           | ages                     | 10   | 179               | 0           |
| Refund Have it directly                            | 11a  | If line 9 is larger than line 1 If Form 8888 is attached, ch  |                                   | 10 from line                            | 9. This is your <b>re</b> | fund.                    | 11a  | 347               | 0           |
| deposited! See<br>page 18 and fill<br>in 11b, 11c, | <b>▶</b> b   | b Routing number  |                                   |   |                           |                          |  |                   |             |
| and 11d or<br>Form 8888.                           | ► d  | Account number 10   | 2 2 2 2 2                         | 2 2                                     |                           |                          |  |                   |             |
| Amount you owe                                     | 12   | If line 10 is larger than line the <b>amount you owe.</b> For de  |                                   |   |                           | <b></b>                  | 12   |                   |             |
| Third party  | Do   | you want to allow another per-  | son to discuss t                  | his return with                         | the IRS (see page         | 20)? <b>Ye</b>           | s. Complete t  | he following.     | ✓ N         |
| designee   | Des<br>nam   | ignee's   |                                   | Phone no. ▶ (                           | )                         | Personal ide number (PIN | I .  |                   | Т           |
| Sign   | Unc  | ler penalties of perjury, I declare the<br>urately lists all amounts and source<br>all information of which the prepare | s of income I receive             | d this return, and<br>red during the ta |                           | nowledge and b           | elief, it is true, o                                 |                   | <del></del> |
| here   |  | an information of which the prepare<br>ir signature   | i nas any knowled                 | Date                                    | Your occupation           |                          | Daytime  | e phone number    | r           |
| Joint return?<br>See page 11.                      |  | 3   |                                   |   |                           |                          |  | )                 |             |

Date

Preparer's SSN or PTIN

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP code

Spouse's signature. If a joint return, **both** must sign.

Keep a copy for your records.

use only

Paid preparer's

Check if self-employed

EIN

Phone no.

Spouse's occupation

Date

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Based on your completed tax return, enter your tax for the year. Enter your tax exactly as it appears on your tax form.

Enter tax: \$ 179

Hint: See Line 10 on Form 1040EZ.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

My Profile My Form W-2 My Tax Form

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Correct! Your tax is \$179.00. What is your Earned Income Credit? Enter your Earned Income Credit exactly as it appears on your tax form.

Enter Earned Income Credit: \$ 158

Hint: See Line 8a on Form 1040EZ.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

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That's correct! Your Earned Income Credit is \$158.00. Are you getting a refund or do you owe more tax?

- Refund
- Owe more tax



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Yes, you are correct! Line 11a on your Form 1040EZ shows that your refund is \$347.00. Lines 11b, c, and d indicate that your refund will be directly deposited into your checking account.

Now you are ready to e-file your tax return with the IRS. Click the e-file button below to continue.



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

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Your Tax Year January 1

December 31 January 1

Your Filing Season

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If you were actually filing your taxes online, the last step would be signing the return. You can submit your signature by actually signing Form 8453 and sending it to the IRS, or by using Self-Select PIN (Personal Identification Number) if you are eligible.

The Self-Select PIN is made up of any five numbers (except all zeros) that you choose to enter as your electronic signature. You select your PIN by providing your adjusted gross income from your previous year's tax return and your date of birth for verification purposes. Depending on the version of the software you are using, you may be asked to provide your date of birth in addition to your adjusted gross income.

Signing your return using Self-Select PIN is the simplest and fastest way to submit your signature. You do not need to mail in a paper signature, and you receive an immediate acknowledgement that your tax return was received.

Learn more about self-selecting a PIN by visiting the IRS Web site.

Now click the forward arrow below to finish filing Seth's return.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

My Profile

My Form W-2

My Tax Form

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Congratulations, Seth! You've successfully filed your return by the filing deadline.